

FISCAL IMPACT STATEMENT ON BILL NO. **H.4046**

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TO:	The Honorable Ronald P. Townsend, Chairperson, House Education and Public Works Committee		
FROM:	Office of State Budget, Budget and Control Board		
ANALYSTS:	Harry Bell		
DATE:	May 13, 2005	SBD:	2005486

AUTHOR:	Representative Townsend	PRIMARY CODE CITE:	59-67-580
SUBJECT:	School Bus Replacement Cycle		

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:

A Cost to the General Fund (See Below)

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:

\$0 (No additional expenditures or savings are expected)

BILL SUMMARY:

House Bill 4046 would require the State Board of Education to implement a school bus replacement cycle to replace approximately one-twelfth of the fleet each year. A complete replacement of the school bus fleet would occur every twelve years.

EXPLANATION OF IMPACT:

There are currently 5,600 school buses in the State Department of Education's (SDE) fleet with about 600 of those being spare buses (used when a regular route bus needs repair or inspection). Replacing one-twelfth of 5,600 buses each year at an average cost of \$60,000 per bus would require an annual appropriation of \$28 million. However, SDE indicates that implementing a twelve year replacement cycle could save approximately \$1.6 million the first year and \$2.3 million for the next four years as a result of increased fuel economy and reduced repair costs. Therefore, net first year cost can be estimated at \$26,400,000.

It should be noted that in order to maintain a twelve year replacement cycle appropriations would need to be periodically adjusted for inflation. SDE has an \$8.2 million recurring appropriation for bus purchases, but has used those funds for operating expenses under flexibility provided by proviso 1.40 of the FY 2004-05 Appropriation Act. An additional \$2.4 in recurring appropriations for bus purchases is in the Conference Committee version of the FY 2005-06 Appropriation Act. That version of the FY 2005-06 Appropriation Act also contains \$19.6 in non-recurring appropriations for bus purchases and/or operating expenses.

SPECIAL NOTES:

The Bill does not specifically address the Department's service vehicles which number approximately 500. Adding these vehicles to the twelve year replacement cycle would add \$1,079,400 to the cost annually.

Approved by:



Don Addy
Assistant Director, Office of State Budget